

**DEPARTMENT OF INFORMATION RESOURCES
OPEN BOARD MEETING**

Thursday, August 22, 2013, 9:30 a.m.

1701 North Congress Avenue, Travis Building, Room #1-104, Austin, Texas 78701

MINUTES

PRESENT Charles Bacarisse (Chair)
Robert Pickering (via video conferencing)
Cynthia Villa
Richard Moore
Wanda Rohm
Arthur Troilo III
Bill Parker, Ex-officio
George Rios, Ex-officio
Brad Livingston, Ex-officio

ACTION Mr. Charles Bacarisse called the meeting to order at 9:35 a.m. with a quorum present.

TOPIC **2. Approve Minutes from the May 30, 2013, Board meeting**

MOTION A motion was made to approve the previous meeting minutes by Ms. Cynthia Villa and seconded by Ms. Wanda Rohm.

ACTION The minutes were unanimously approved.

DISCUSSION Mr. Bacarisse informed the board that an ad hoc Personnel Subcommittee needs to be established to review the performance of the DIR Executive Director. Mr. Bacarisse asked Mr. Keith Morrow to chair; Mr. Robert Pickering, Ms. Wanda Rohm and Mr. Brad Livingston will serve on the Subcommittee.

MOTION A motion was made to establish a committee for an ad hoc Personnel Subcommittee by Mr. Moore and seconded by Mr. Troilo.

ACTION The motion was unanimously approved.

DISCUSSION Mr. Charles Bacarisse informed the board that the Rules Subcommittee needs to be restaffed as the previous members are no longer on the Board. Ms. Cynthia Villa, Mr. George Rios and Ms. Wanda Rohm were asked to serve on the Subcommittee.

MOTION A motion was made to appoint the requesting members to the Rules Subcommittee by Ms. Villa and seconded by Mr. Moore.

ACTION The motion was unanimously approved.

TOPIC **3. Executive Director's Report**

DISCUSSION Ms. Karen Robinson, Executive Director, discussed the recent changes within the Chief Operating Office (COO). Mr. Carl Marsh accepted another position in the private sector. Mr. Todd Kimbriel will serve as interim COO, and work to help guide strategic leadership.

Ms. Robinson informed the board that she will retain signature authority for those contracts and amendments with a value in excess of \$1 million, subject to those contracts requiring Board approval.

Ms. Robinson informed the board that this is the meeting where we discuss the budget recommendations. Mr. Villalpando will present the FY 2014 operating budget. The DIR team continues to work hard to find efficiencies within the agency to keep our cost of operations down, now that we are 100% cost recovery. We will receive no direct general revenue appropriations.

DISCUSSION

Mr. Bacarisse informed the board that Mr. Troilo will need to depart the meeting early. Mr. Bacarisse informed the board that we will skip to HUB Subcommittee update.

Ms. Dorwart, Director of Technology Sourcing Office, gave an update on the HUB board subcommittee. In the subcommittee meeting, we were able to brief Mr. Troilo on progress, as well the activities generated by the legislative session. One of the primary HUB items discussed was the establishment of the agency's specific goals for FY 2014, which is required by statute. The HUB staff has completed an evaluation to consider establishing HUB goals. We reviewed the expenditures and HUB vendor availability and other relevant factors such as 2009 disparity study.

We will set our FY 2014 HUB goals at the same level as the statewide HUB goals. We presented the proposed goals to the executive team at Monday's meeting. We will be working with Karen for approval of the HUB goals for FY 2014.

Mr. Moore asked do you have any strategies for going from 5.83% to 24.6% for the other services? Ms. Dorwart responded that the HUB program will be working closely with our vendor community ensuring in that HUB subcontracting plan they estimate a percentage of HUB spend. We will ask for more detail on how the vendors plan to get to what they projected.

Mr. Moore asked does DIR decide what goes in the category or does someone else? Ms. Dorwart responded the Comptroller's office decides what commodity codes go into the category.

TOPIC

4. Finance

DISCUSSION

Mr. Nick Villalpando, Chief Financial Officer, updated the board on the third quarter budget and FY 14 operating budget. He informed the board that the agency's operating revenue is trending 1% over operating budget. The current operating expenditures are trending on target with the budget (as amended). Mr. Villalpando informed the board that there is one budget amendment for the third quarter budget which is tied to the Data Center Program.

- Amendment # 1 is to increase DCS Gross Revenue and increase DCS Cost of Services.

MOTION

A motion was made to approve Amendment #1 by Ms. Villa and seconded by Mr. Moore

ACTION

The motion was unanimously approved.

Mr. Villalpando discussed the Fiscal Year 2014 Operating Budget. The agency will no longer received direct state appropriations; DIR is now a 100% cost-recovery agency. Administrative fees are set at levels intended to be sufficient to recover DIR's operating costs. Mr. Villalpando also discussed the FY 2014 appropriations. The legislature appropriated \$4 million in Cooperative Contracts revenue to fund Statewide Cybersecurity Services for F Y2014. DIR is

no longer appropriated any general revenue for oversight of Texas.gov. Expenditure limits written in riders last session as a result of Sunset review are still in place.

Ms. Rohm asked will DIR not receive general revenue funding? Mr. Villalpando said that is correct. In FY 13, we still have some general revenue, but in FY 14 we no longer receive general revenue.

Ms. Rohm asked during the legislature, the agency was appropriated a lot of money for technology. Does that help you in your operating cost? Mr. Villalpando answered yes.

Mr. Villalpando presented information for the FY 2014 budget consideration and approval by the board:

- FY 2014 Operating Budget Request
- FY 2014 Administrative Fees for consideration and approval by the board.

Mr. Rios asked will the 2.3 million for CTS be taken away from other programs? Mr. Villalpando responded no. Mr. Moore indicated to the board that the legislature did not give us \$4 million for cybersecurity. They have appropriated \$4 million to DIR, but DIR will need to find the funding and that is what Mr. Villalpando is working on.

Mr. Bacarisse asked where does the positive fund balance go or does DIR get to keep them. Mr. Villalpando responded that we do have the authority to carry them within the biennium. We can carry into the next fiscal year within the biennium but when the legislature comes back in 2015, it will be part of the appropriations process to determine if any kinds of fund balance that is forecasted to end will be appropriated back to DIR to start the next biennium.

Ms. Rohm asked what falls under professional services? Mr. Villalpando informed Ms. Rohm that the information is listed on page 41. Other items that fall under professional services are the security assessments and payment made for network security services.

Ms. Villa informed the board that the Audit & Finance subcommittee met yesterday. Ms. Villa complimented Mr. Villalpando and his team. It's a fine balance of what we are trying to achieve to stay within our budget. Mr. Moore also commended Mr. Villalpando and the agency.

MOTION A motion was made to approve FY 2014 Operating Budget by Mr. Moore and seconded by Ms. Villa.

ACTION The motion was unanimously approved.

MOTION A motion was made to approve FY 2014 Administrative Fees by Mr. Moore and seconded by Ms. Rohm.

ACTION The motion was unanimously approved.

TOPIC **5. Audit**

DISCUSSION Mr. Andrew Dimas, Director of Internal Audit, gave a brief update on audit activities. We are in the review and report phase for the Enterprise Contract and Information Security audits. We should have a report at the next board meeting. We are preparing for a peer review, which is when a team comes in to assess internal audit. It will be conducted in mid-September and should have a report at the next board meeting. SAO is conducting an audit

in cooperative contracts and DIR should have a draft report at the end of this month. We presented the 2014 audit plan in the Audit & Finance subcommittee meeting and are requesting approval from the board. We are also requesting approval for the Audit & Finance Subcommittee Charter.

MOTION A motion was made to approve the FY 2014 Audit Plan by Mr. Moore and seconded by Ms. Villa.

ACTION The motion was unanimously approved.

MOTION A motion was made to approve the Audit and Finance Subcommittee Charter by Mr. Moore and seconded by Ms. Villa.

ACTION The motion was unanimously approved.

TOPIC **6. Rules**

DISCUSSION Mr. Martin Zelinsky, General Counsel, presented two notices of rule review for consideration and publication for review.

- A. Consider publication of the Notice of Rule Review in the Texas Register for 1 TAC, Chapter 202, Information Security Standards
- B. Consider publication of the Notice of Rule Review in the Texas Register for 1 TAC, Chapter 213, Electronic and Information Resources

MOTION A motion was made to approve the Notice of Rule Review in the Texas Register by Ms. Rohm and seconded by Mr. Moore.

ACTION The motion was unanimously approved.

TOPIC **7. Chief Operating Office Update**

DISCUSSION **b) Texas.gov**

Mr. Todd Kimbriel, Interim COO, indicated there is a change in presenting the programs for COO; each program director will present for his/her program area. Mr. Kimbriel gave an update on Texas.gov. Texas.gov continues to perform at a high level and traffic on the website continues to increase. There were 2 million visits in the third quarter. Customer satisfaction is down slightly, and related to a new service we deployed for TDCJ. This service is for inmates that use the TDCJ Commissary, and has had certain constraints. Texas.gov has contributed \$157 million to the State general revenue through FY13-Q3.

Mr. Kimbriel updated the board on eFiling. This program is transitioning to the Office Court of Administration. We have a plan that will complete our services for this program by November 30, 2013, and the plan is agreed upon by all parties.

DISCUSSION **c) Technology Sourcing Office**

Ms. Dorwart updated the board on the Technology Sourcing Office (TSO). TSO is requesting consideration and approval of the FY 2014 Procurement Plan. The procurement plan is very broad and general. The items on the plan are reprocurments for current contracts that will be expiring. We will be doing new solicitations to put new contracts in place and replace those that are expiring.

Mr. Moore asked, was it TSO that was tasked with helping the Comptroller on something that related to prior Sunset recommendations or statute ? Ms. Dorwart responded that it is part of Sunset. Mr. Moore asked is that progressing? Ms. Dorwart responded yes, she spoke with the TPASS director, and we will be meeting next week to continue our discussion and planning for that. It is a Coordination Committee on procurement, and we will be putting the schedule together for all activities.

Mr. Moore requested an update on the activities, does not need to be next week, but whenever DIR has something tangible for the board.

Mr. Moore gave an update on the Texas.gov subcommittee. The subcommittee discussed future plans and direction. The audit on Texas.gov is almost complete. We reviewed a draft yesterday, and there aren't any big concerns.

MOTION A motion was made to approve the FY 2014 Procurement Plan by Ms. Villa and seconded by Mr. Moore.

ACTION The motion was unanimously approved.

Ms. Grace Windbigler, Manager of Enterprise Contracts Management, presented the one additional action item for approval. This is a statement of work off of the deliverables based IT services (DBITS) contract with Gartner. The activities that will be taken care of through this are realignment and operations of enterprise security program management which will conduct security assessments and provide ongoing security decision making. This will also take care of security assessments for 30 state agencies.

Mr. Moore asked if this is a contract. Ms. Windbigler responded it is a statement of work, based on the deliverables based (DBITS)contract.

MOTION A motion was made to approve the Security Statement of Work by Mr. Moore and seconded by Ms. Rohm.

ACTION The motion was unanimously approved.

Ms. Windbigler also updated the board on enterprise contracts. DBITS has 116 contracts awarded to date and will be winding down the procurement and be complete by the next board meeting. Managed Services Contract negotiations are still underway, along with Cloud Services. DIR has 90 staff augmentation contracts signed. We are also evaluating technology-based conferencing services.

DISCUSSION **d) Communication Technology Services**

Mr. John Hoffman, Director for Communication Technology Services, (CTS) updated the board. Mr. Hoffman discussed benchmarking for internet and long distance inbound and outbound. All three of the categories ranged below average for similar volume customers and we continue to challenge the vendor on few specific services identified that were not hitting some of the targets. Mr. Hoffman also discussed the initiated review of the Continuity of Operations and Continuity of Government (Coop/COG). CTS has integrated security tickets into the Remedy system. This will improve our tracking of tickets and ticket resolution and performance measures that will be put in place, enabling documentation. Mr. Hoffman also discussed the Public Safety Broadband Network.

DISCUSSION

e) Program & Portfolio Office (PPMO)

Ms. Diana Taylor updated the board. She discussed some of the key projects that PPMO has been working on: DCS Network Intrusion System (NIPSO), Customer Office 365 deployments and provided project management support to TSO for major procurement efforts, such as DBITS. The PPMO co-hosted a Project Management workshop which was attended by over 100 participants (IRMs and CIOs). The feedback was positive and they have received requests for future events. A major project underway is the DIR Online Marketplace. The new portal will emphasize DIR's brand as one of IT leadership, while improving transparency, collaboration and stakeholder management.

Mr. Moore asked to add the area codes to the phone numbers on the website.

TOPIC

8. Data Center Services Update

DISCUSSION

Mr. Dale Richardson, Director for Data Center Services (DCS) presented an overview of DCS. He provided an update on legacy backlog. The service request backlog has been reduced to 343 and should be to zero by September 15. Mr. Richardson also discussed incident management, monthly scorecard and the SLA Performance and Server Consolidation Program Plan. He discussed consolidated compute and informed the board that month to month, DIR is increasing what is coming into the consolidated data center by 1%.

TOPIC

9. Chief Administrative Office

DISCUSSION

Ms. Lori Person, Chief Administrative Officer gave an update for the Chief Administrative Office. Ms. Person discussed the State Strategic Plan (SSP). This is a five year plan that DIR updates every two years. It is statutorily required and the intent of it is to provide guidance to state agencies. Ms. Person reviewed the 2013 project timeline and a draft of the Top 10 Statewide Technology Priorities for the SSP. At this time, DIR is taking comments and drafting descriptions.

In October, DIR will have a preliminary draft for the board's review and then the final SSP will be sent to the board for approval. November 1 is the date that is required for the report to go to the Office of the Governor and Legislative Budget Board. Ms. Person discussed the bills that passed and require DIR implementation. DIR has reviewed every DIR related bill from the session, developed work plans, project owners, and milestones for each.

Ms. Person asked the board for guidance on what they would like to see; what level of detail, do you want a checklist of all bills that were completed? What would be helpful to the board?

Mr. Moore responded to use the format that DIR did after the Sunset review where DIR had a grid of what the issue was, what the plan is, and who within DIR is responsible. This would be helpful.

TOPIC

10. Information Security Update

DISCUSSION

Mr. Brian Engle, State Chief Information Security Officer, gave the update for Information Security. The agency security assessments and reports have been completed. The agencies have their deliverables and the last remaining item is to have the closeout briefing. Mr. Engle also discussed the CyberPatriot program and the State of the State Information Security Report.

TOPIC	Public Testimony – No Public testimony.
MOTION	A motion was made to adjourn the meeting by Mr. Moore and Ms. Rohm seconded the motion.
ACTION	The meeting adjourned at 12:02 p.m.

Approved by the Acting Board Chair:

Robert Pickering, Acting Chairman

Date